



# Washington Area Economy: Performance and Outlook

*Presentation to:*

## Region Forward

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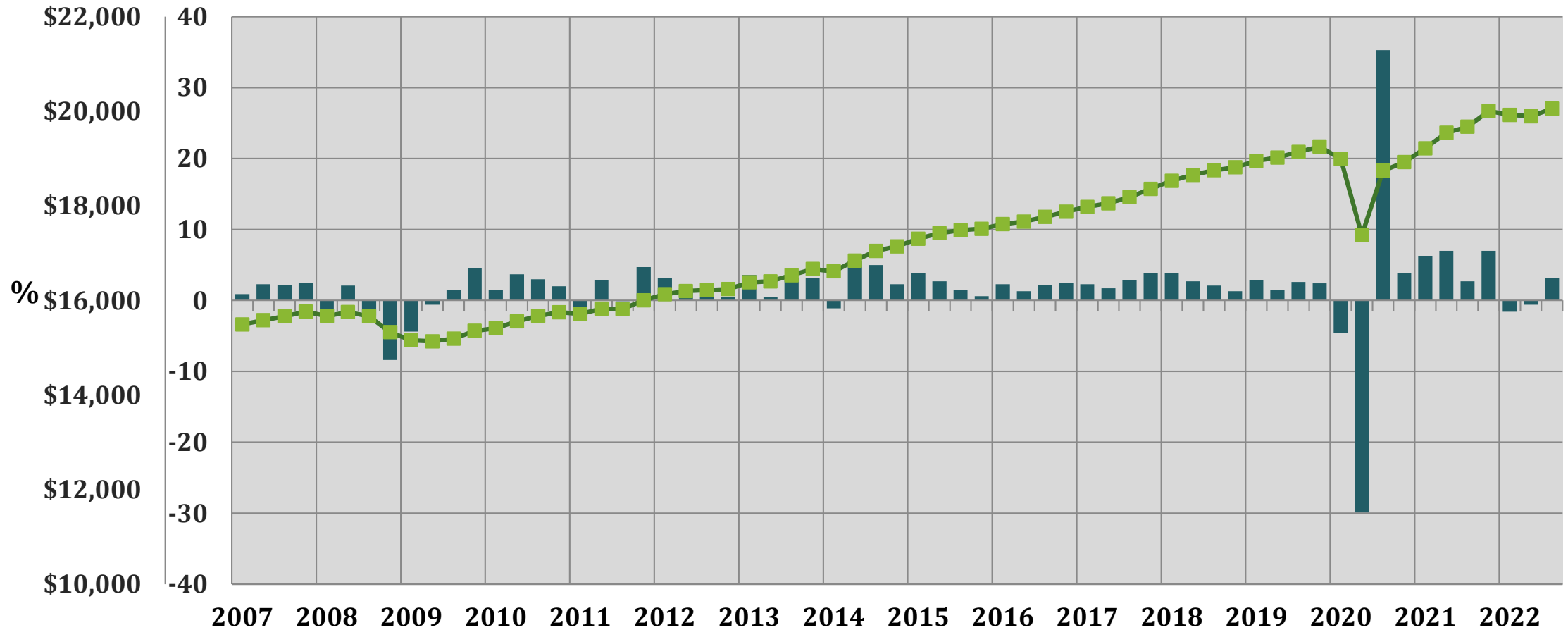
Center for Regional Analysis / Stephen Fuller Institute  
Schar School of Policy and Government  
George Mason University

January 27, 2023



# U. S. Gross Domestic Product

■ Quarterly Change    ■ Real GDP (Billions)



Q3 2021-Q3 2022 3.2%

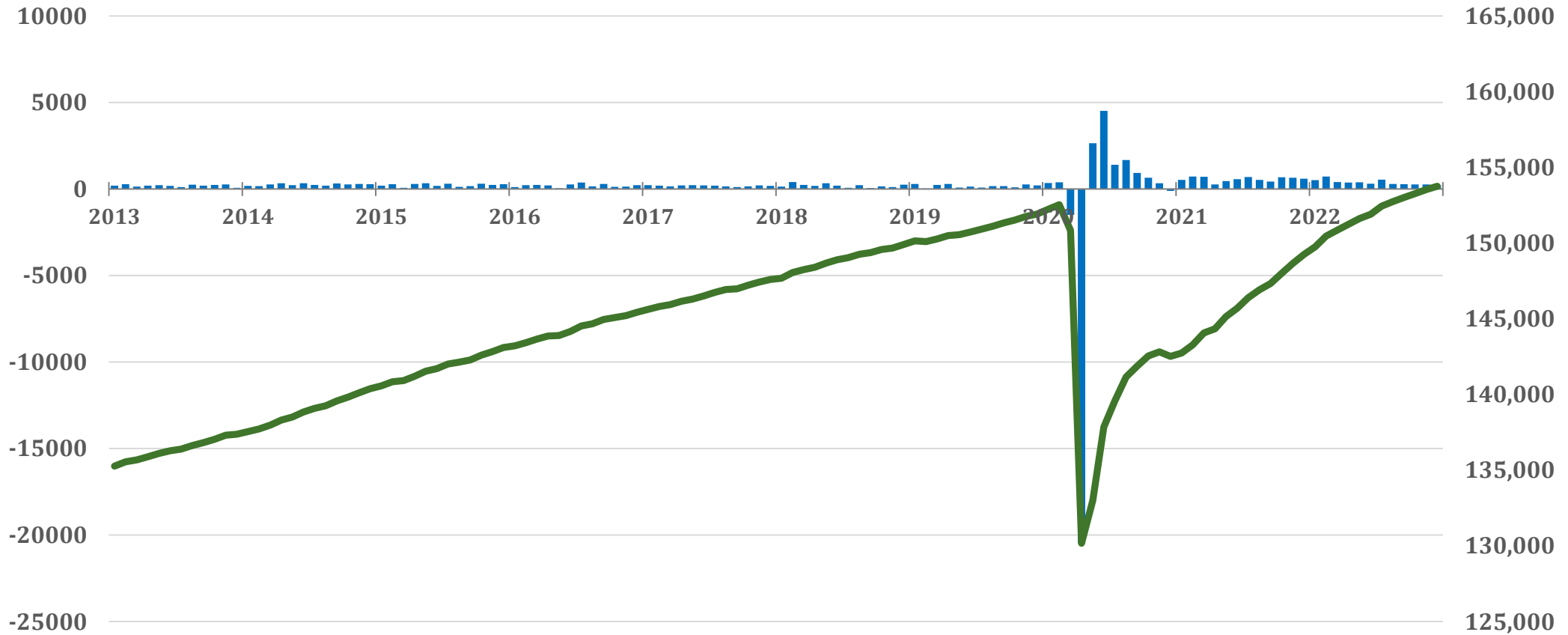
Source: Bureau of Economic Analysis (Seasonally Adjusted, Chained 2012 Dollars )



# U.S. Payroll Jobs

1-mo. change  
(in thousands)

total payroll jobs  
(in millions)



**Since 2010  
(Jan 2010)  
+23.5M**

**Since 2021  
(12-mo. Δ)  
4.5M**

**Nov 22 -  
Dec 22  
(1 mo. Δ)  
+223K**

Source: Bureau of Labor Statistics (Seasonally Adjusted), GMU Center for Regional Analysis

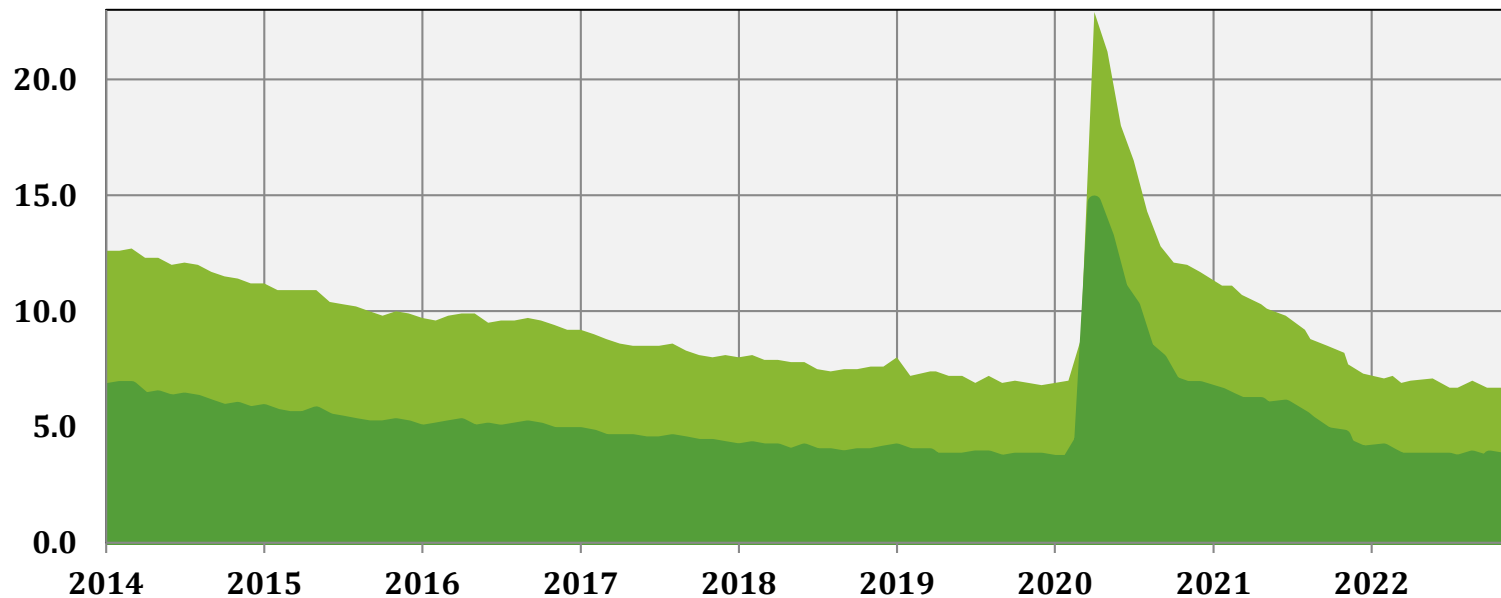


# U. S. Unemployment



U-6

UR



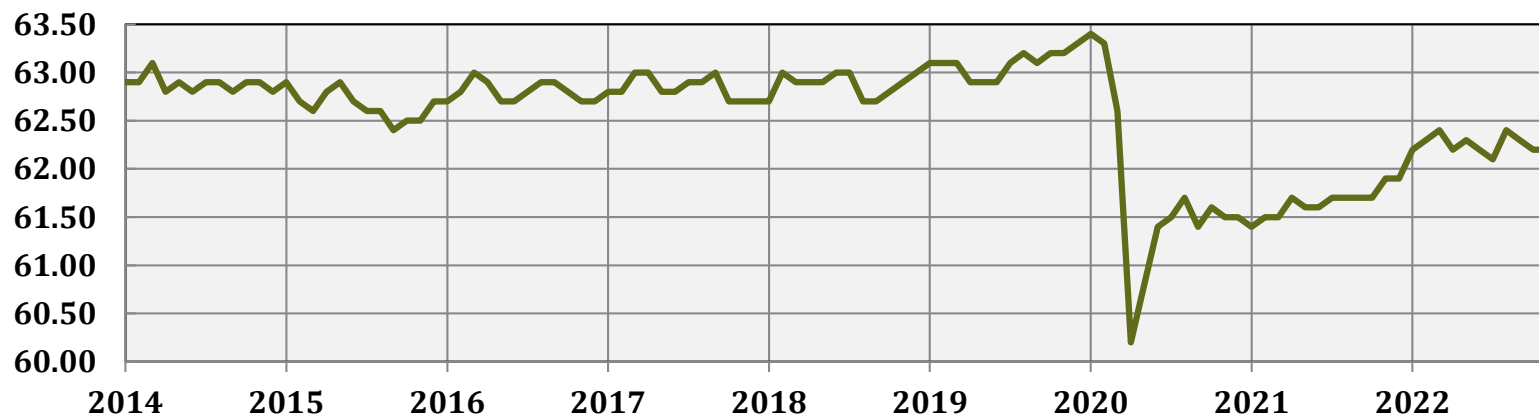
Dec  
6.5%

Dec  
3.5%

Dec 2022 -  
Dec 2021  
(12-mo.)  
change:

U-6 -0.8%  
UR -0.4%  
LFPR 0.4%

LFPR

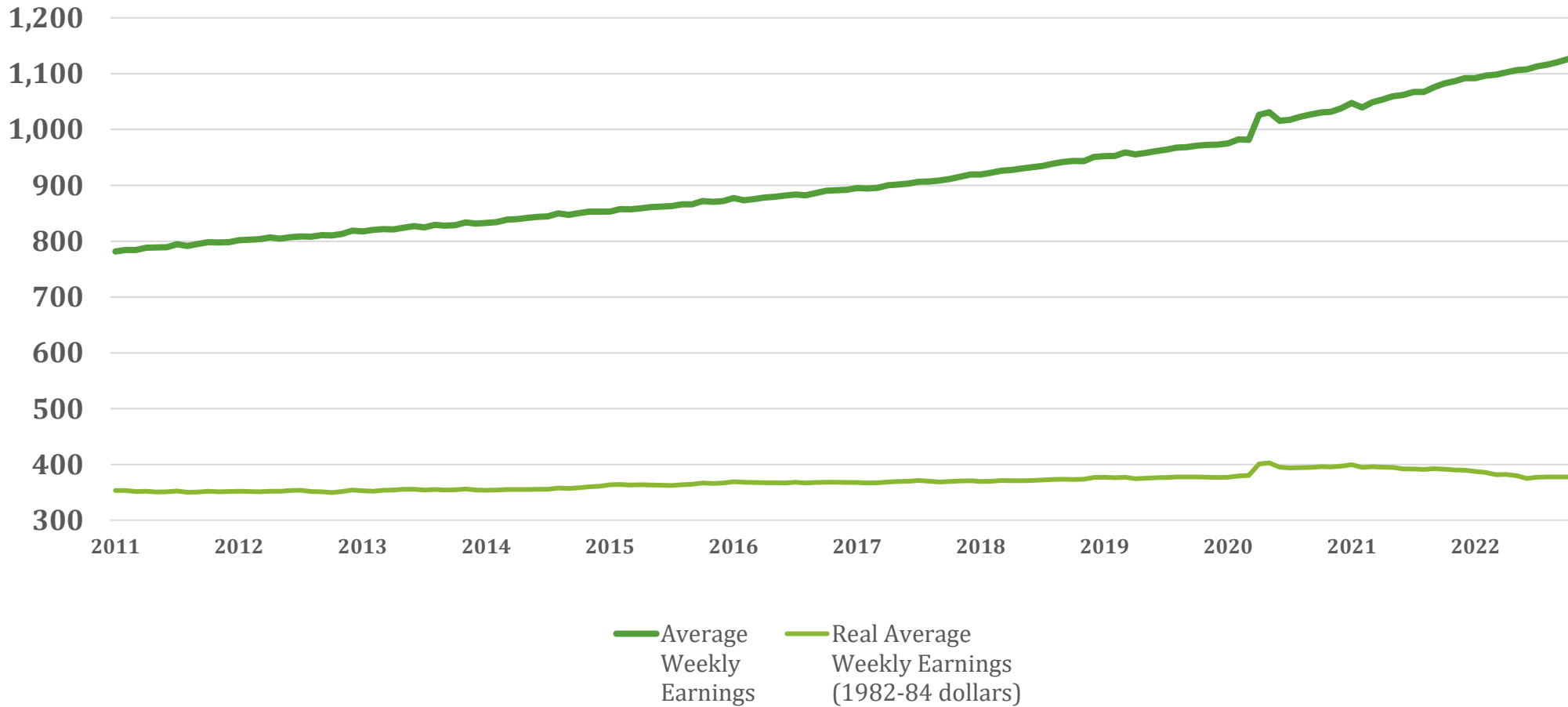


Dec  
62.3%



# Average Weekly Earnings

## U. S., Total Private, Across all Industries



12-month  
% change  
(MOTYC)

Nov 2022

↑ Avg Hourly  
Wages  
+5.1%

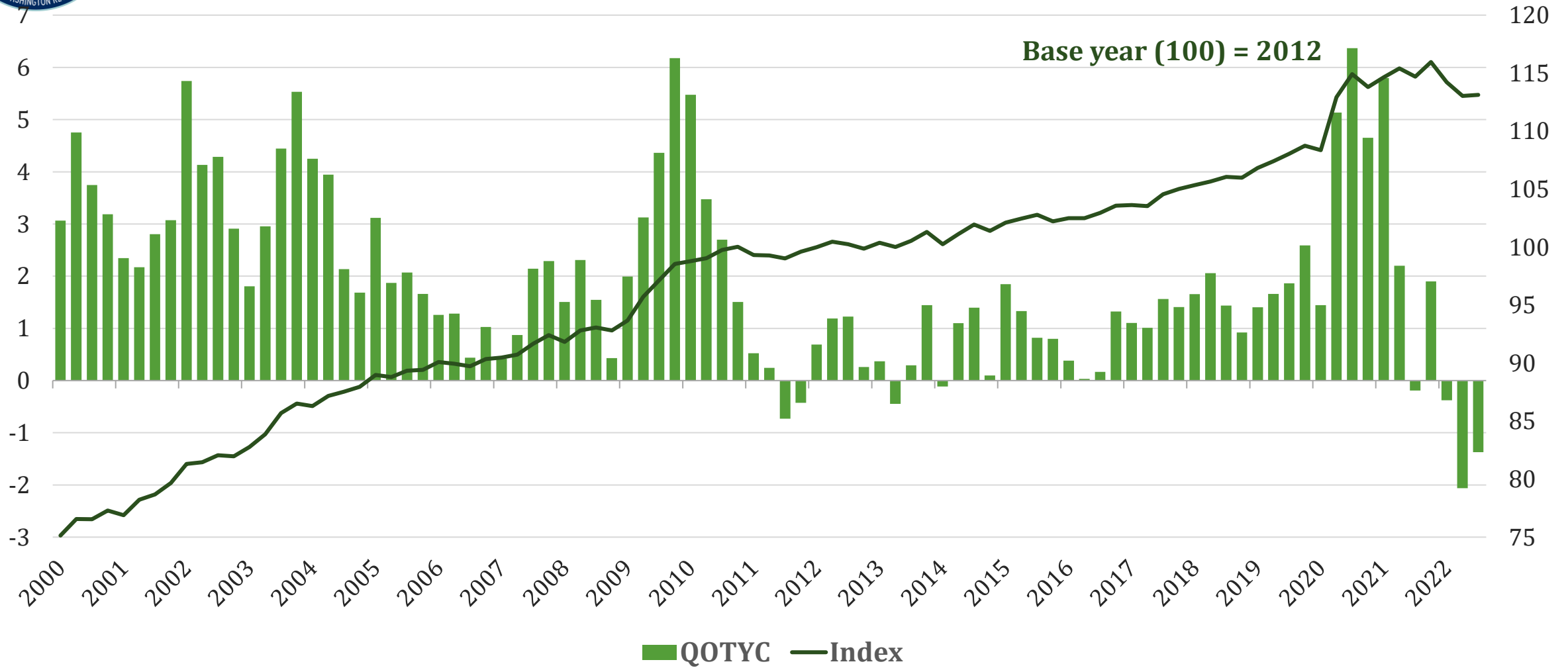
↑ Avg Weekly  
Earnings  
+3.9%

↓ Real Avg  
Weekly  
Earnings  
-3.0%



# Labor Productivity

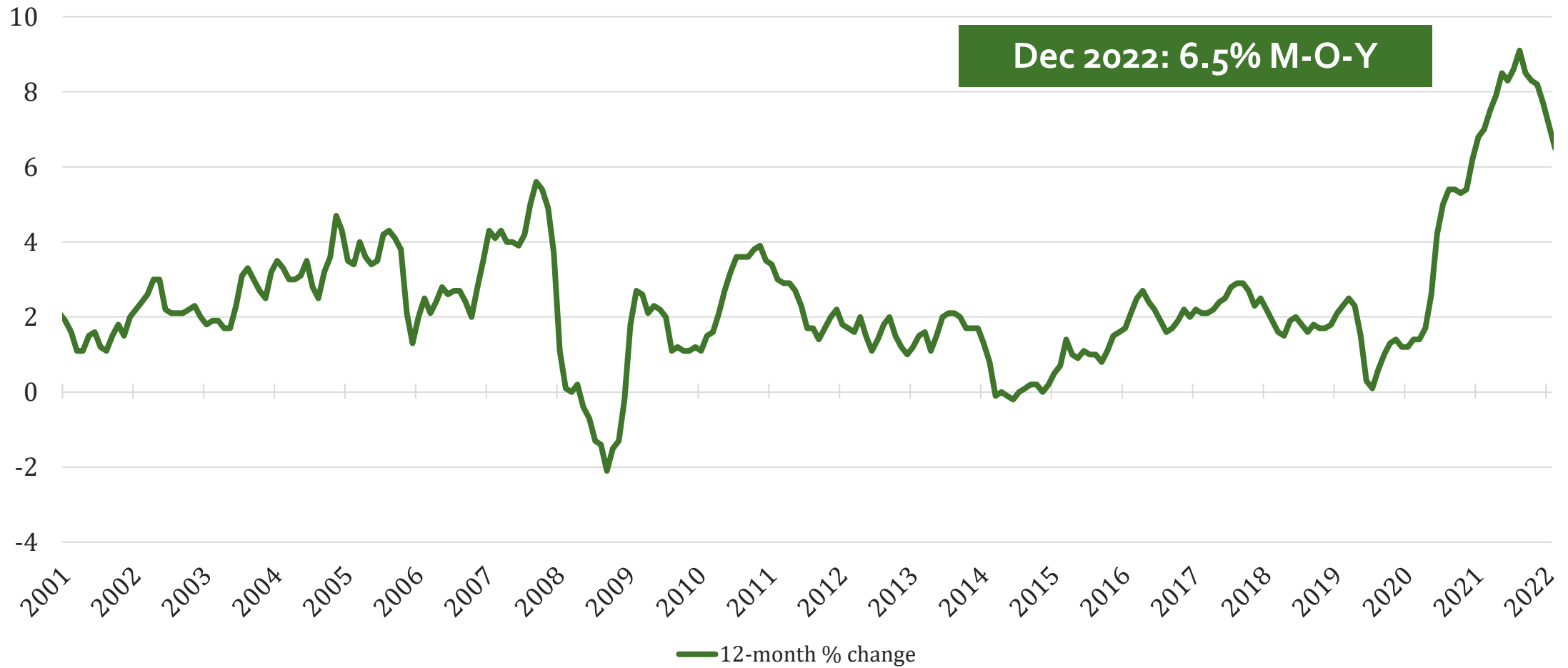
## *Nonfarm business, seasonally adjusted*



Source: Bureau of Labor Statistics, GMU Center for Regional Analysis



# Monthly Consumer Prices 2001 - 2022

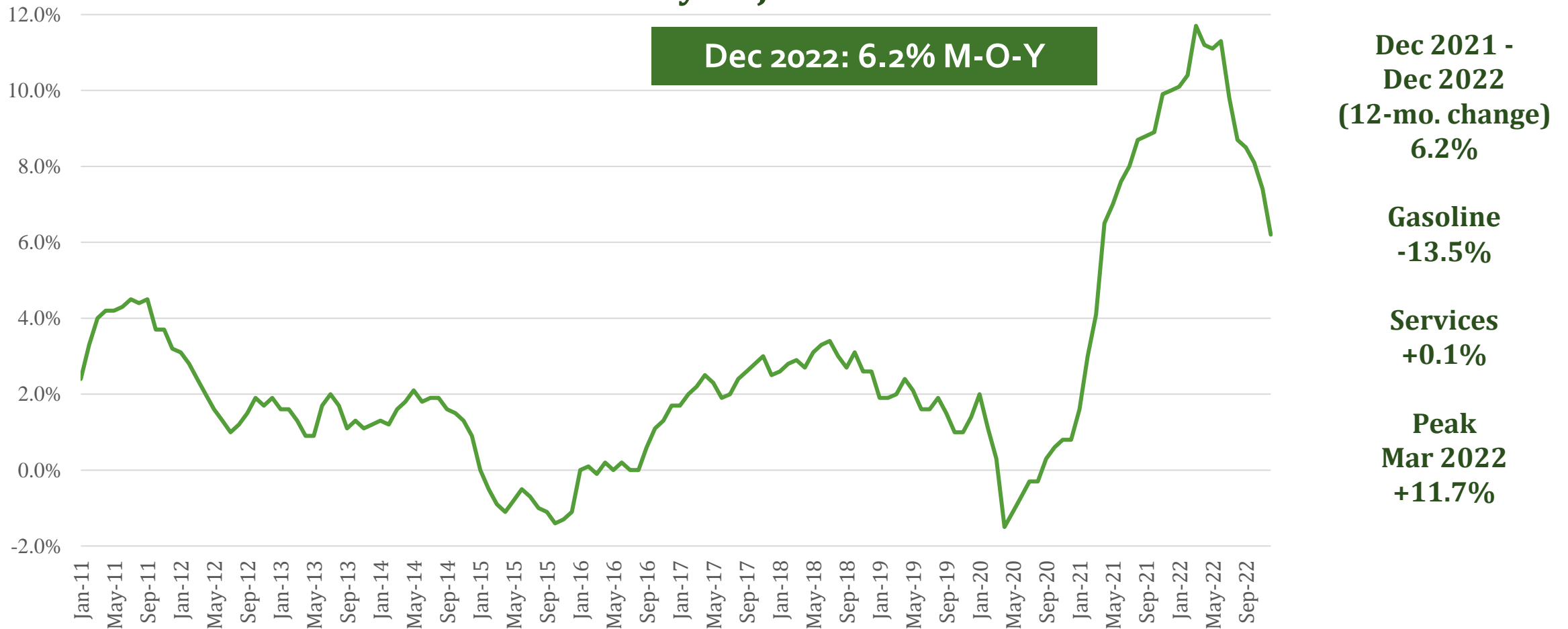


Source: Bureau of Labor Statistics, GMU Center for Regional Analysis



# Producer Price Index

## Change in Final Demand from 12 Months Prior Not Seasonally Adjusted

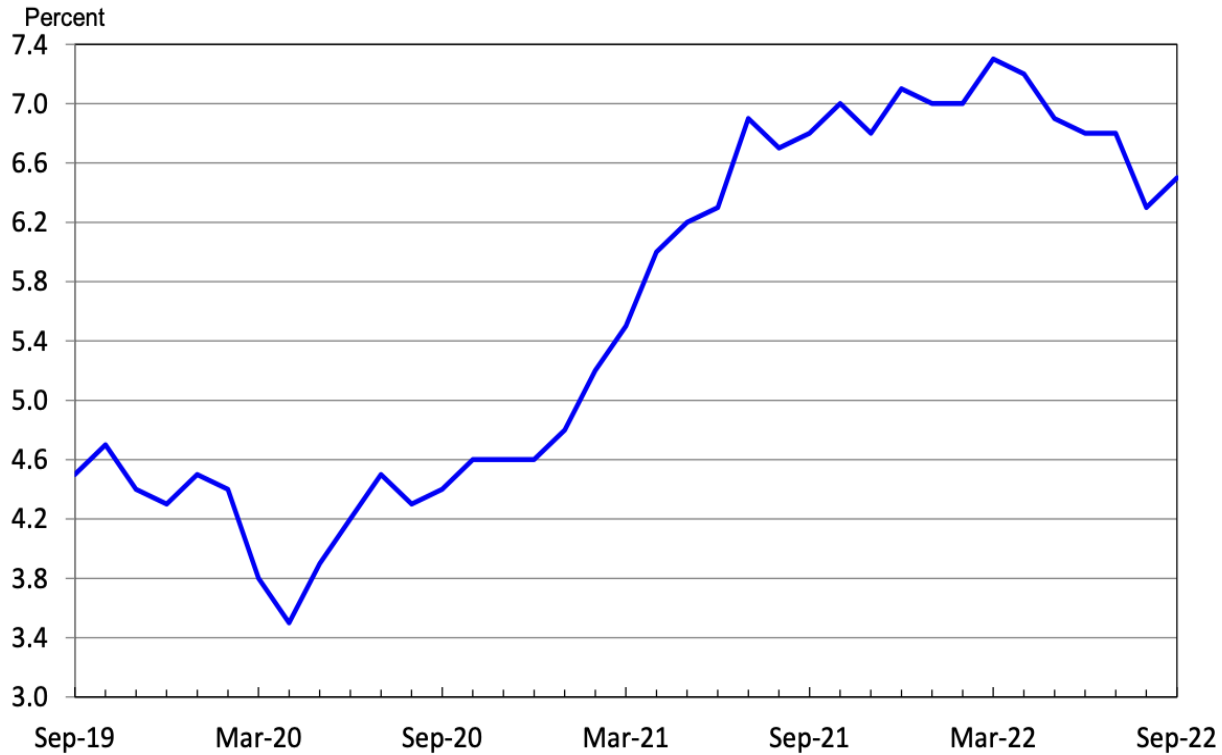


Source: Bureau of Labor Statistics, GMU Center for Regional Analysis

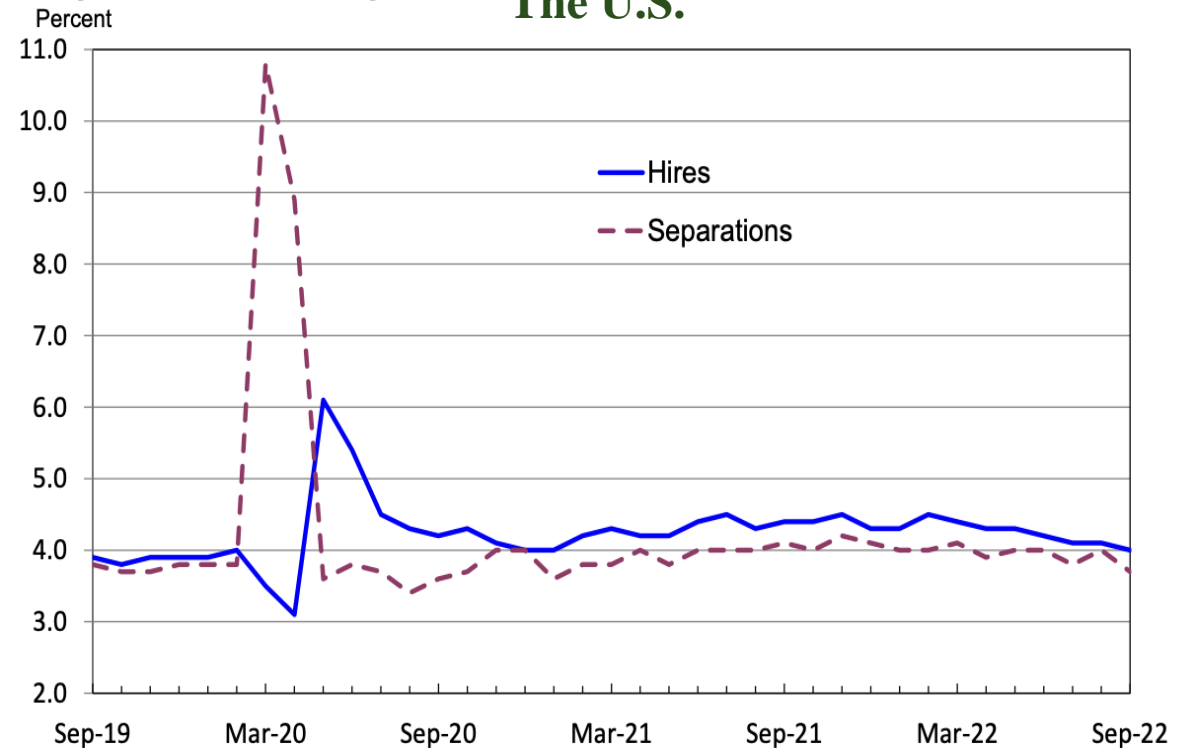




## Job opening rate, seasonally adjusted: The U.S.



## Hires and total separations rate, seasonally adjusted The U.S.

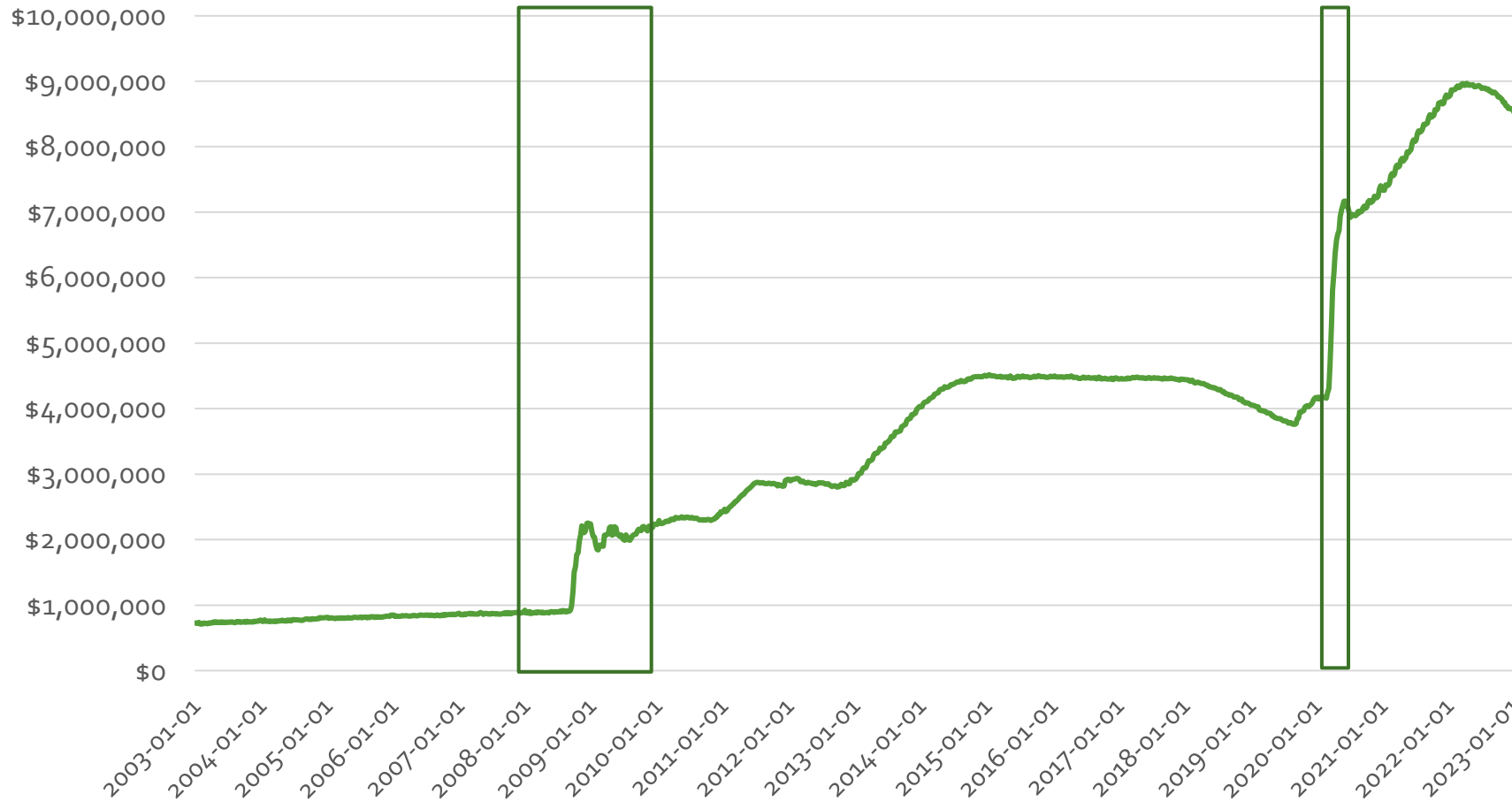


Source: JOLTS, Bureau of Labor Statistics



# Federal Reserve Total Assets

Weekly, NSA  
Millions \$



**Week**  
**Jan 18, 2022**  
**\$8,489,039**

**Week**  
**Dec 29, 2021**  
**\$8,765,721**

Source: Federal Reserve Economic Data (FRED), Federal Reserve Bank of St. Louis



# Stories of 2023 – U.S.

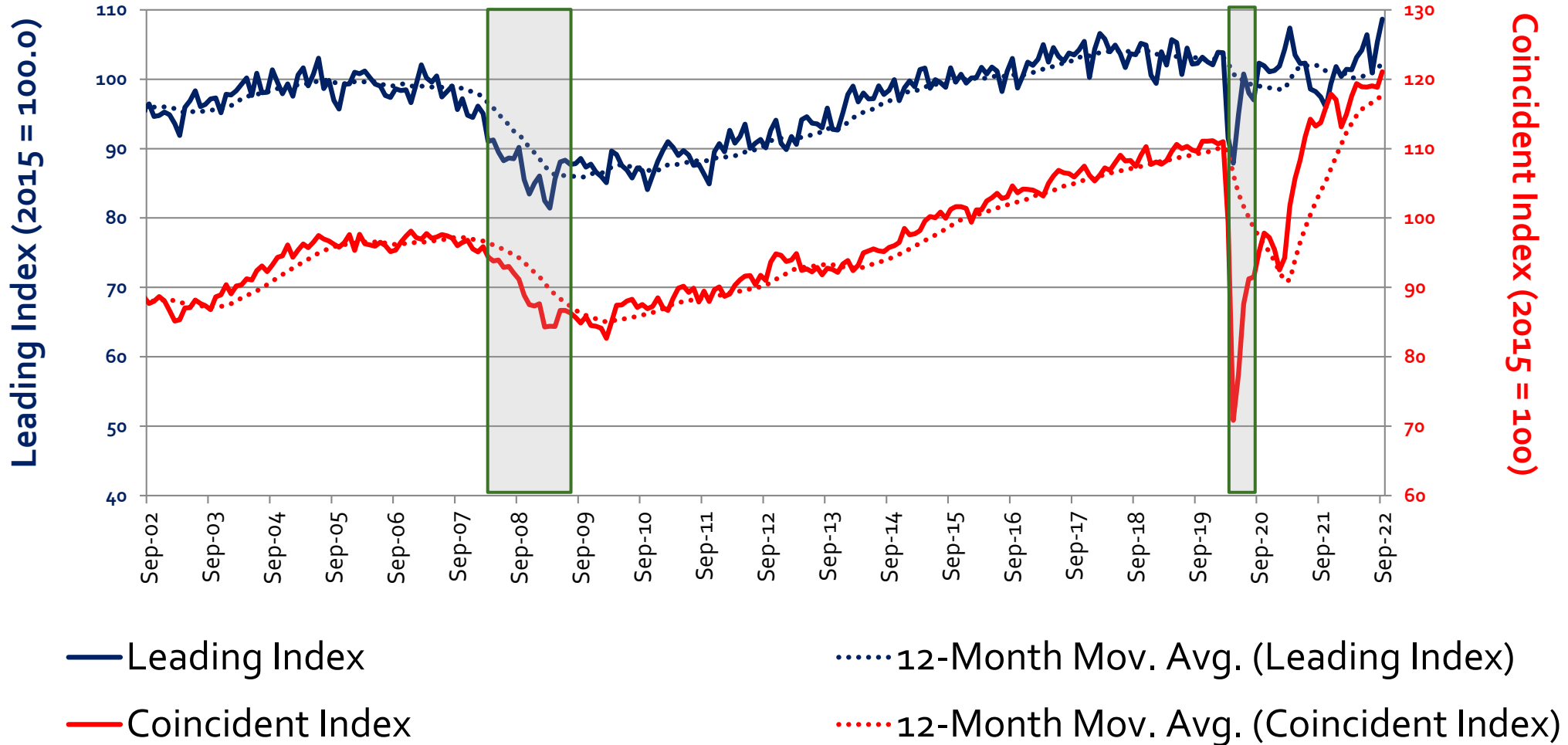
- **Inflation**
  - 2023 4%-5%
  - 2024 3%-4%
  - 2025 +/-3%
- **Interest Rates**
  - (3 hikes in '23)
  - Pause in timing
- **Pandemic**
  - Supply chain issues unwinding
  - China COVID zero re-do (?)
- **Stock Market**
  - bit coin?
  - 2023 sideways
  - 2024 growth, not driven by tech
    - Earnings back in vogue
- **Conflicts**
  - Ukraine drags on for 2023
  - Taiwan is a bluster zone
- **Federal Spending**
  - 2023-2024: Spending winding down
  - Infrastructure uptick
  - Debt ceiling/funding drama?
- **Bottom Line**
  - **Job growth turns negative 2Q-3Q23**
  - **Fed slows pace of rate rises, but still trying to unwind assets**
  - **Recession mid-year**
  - **Growth in the spring of 24, but not solid**



# The Washington Economy

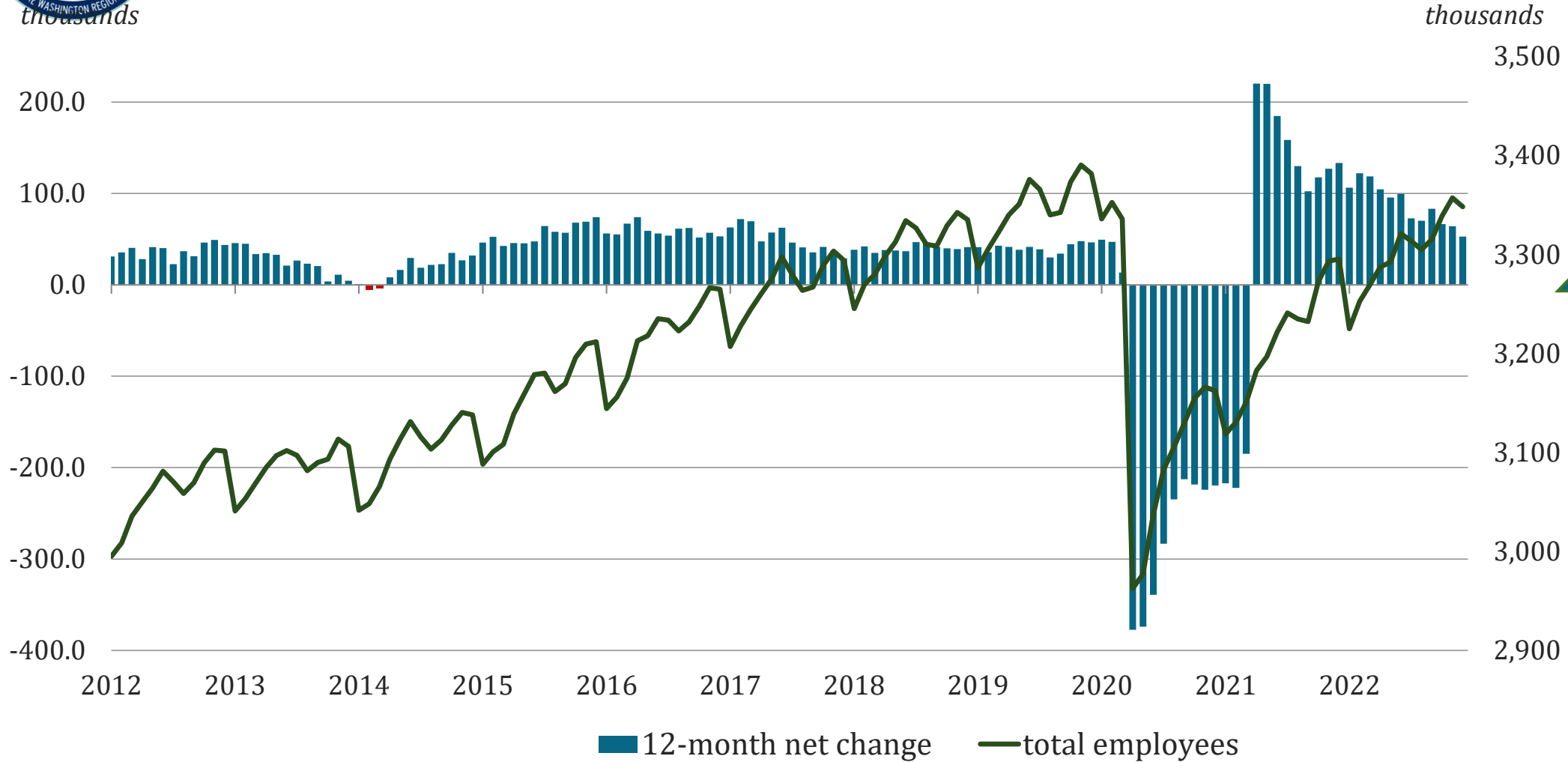


# DC Area Economic Indices





# Annual Job Change Washington MSA (2012-2022)



**Dec 21  
-  
Dec 22  
52.9k  
Dec 2022  
Total: 3.3M**

Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis



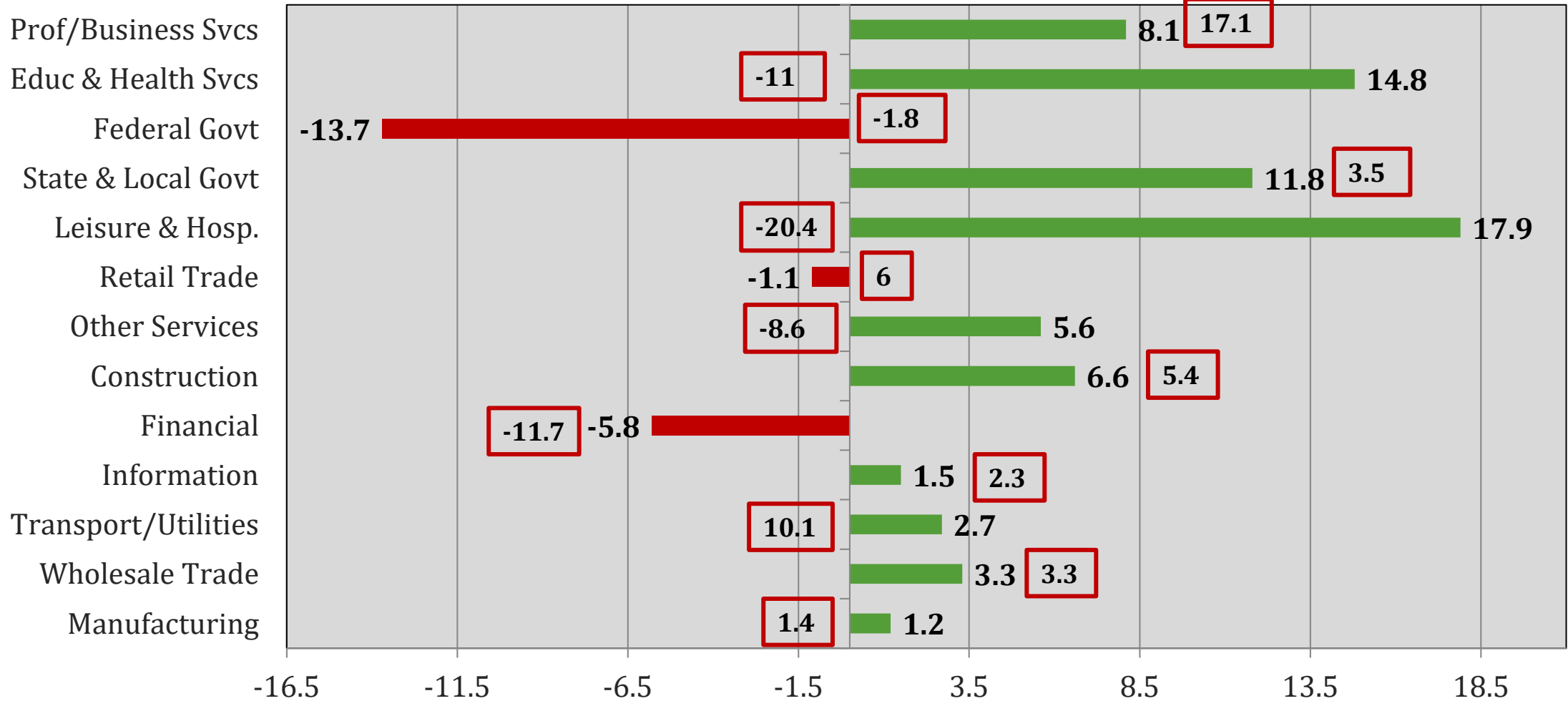
# Job Change by Sector Washington MSA

Dec 2021 – Dec 2022



(Ranked by Size in 2019) (000s)

Total = 52.9k



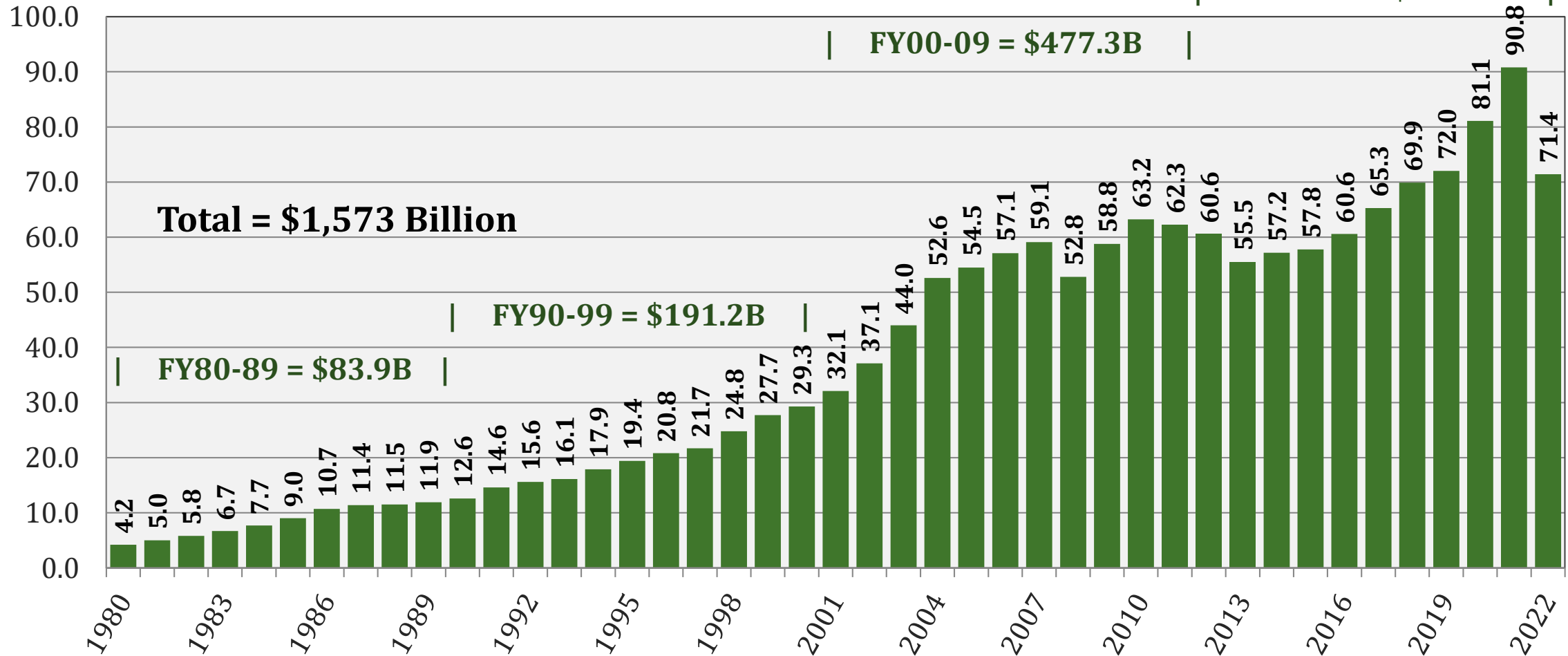
Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis



# Federal Spending in the Washington Core Area

## Fiscal Years 1980-2022

(\$ Billions)

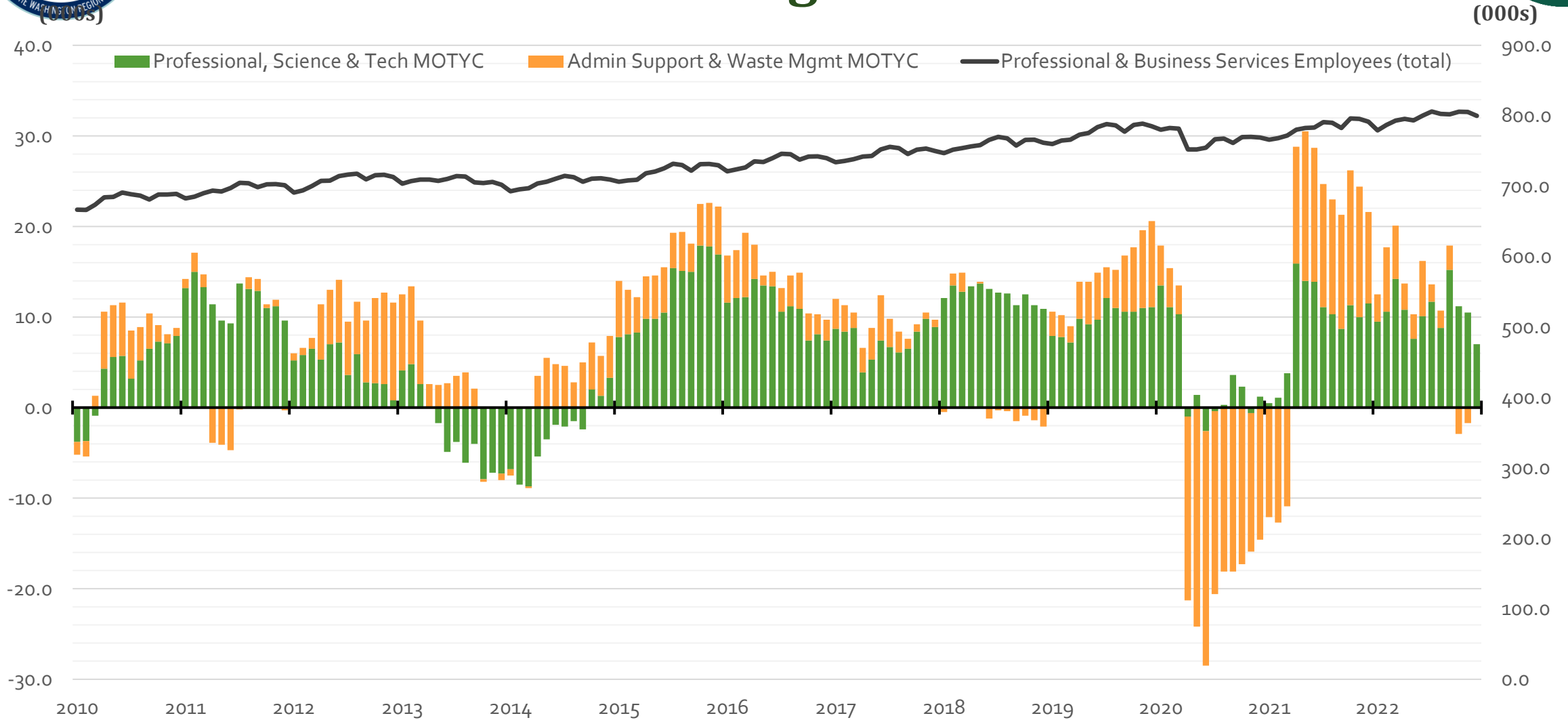


Source: USAspending.gov





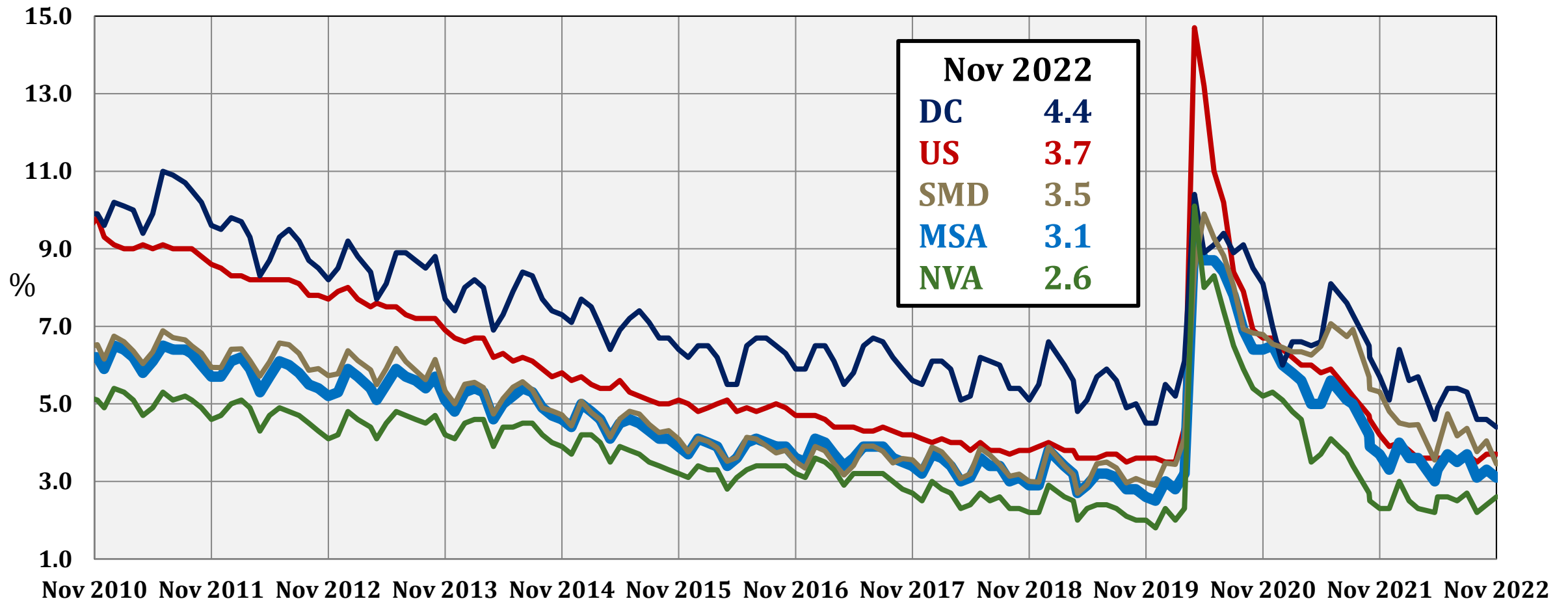
# Professional & Business Services Washington MSA



Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis



# Unemployment Rates in the WMSA By Sub-State Area

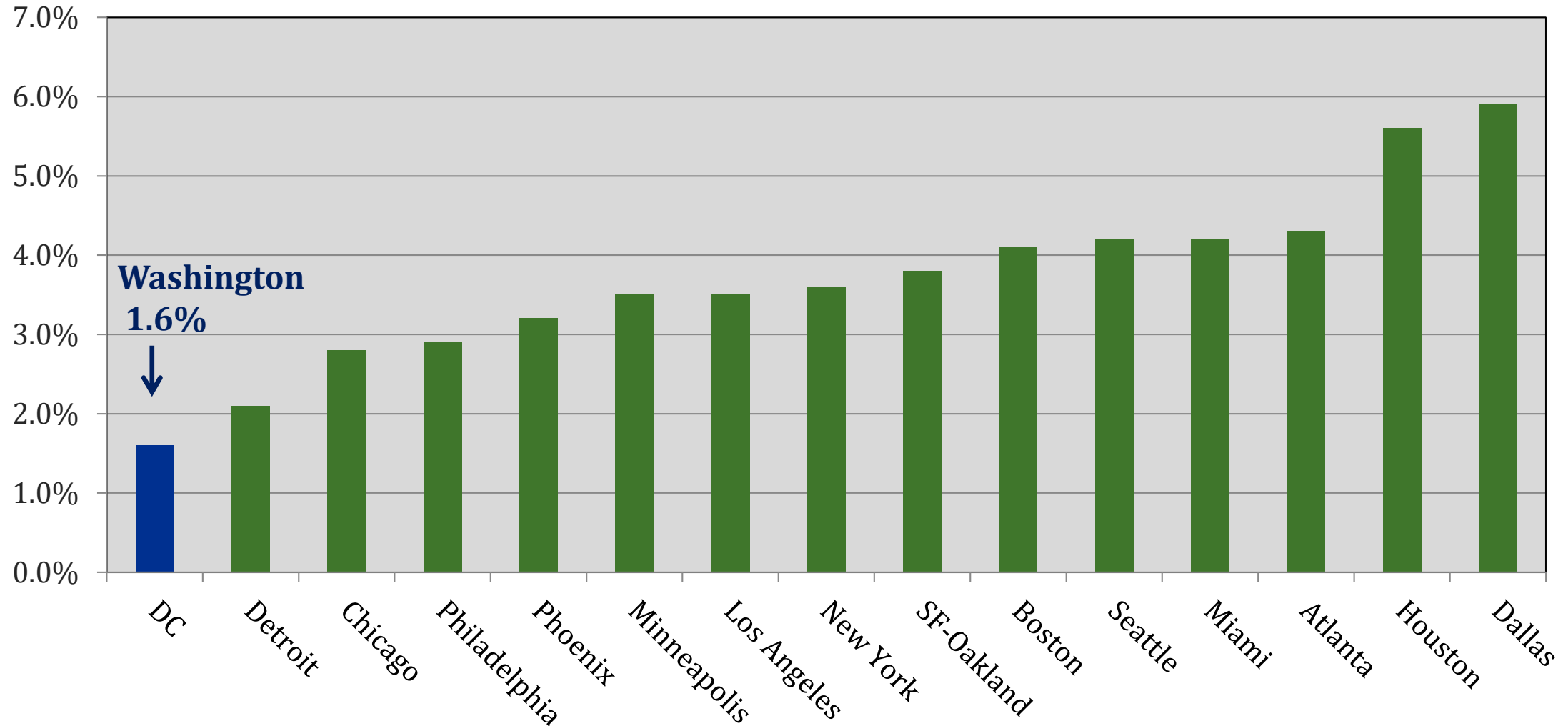


Source: Bureau of Labor Statistics (Region - Not Seasonally Adjusted, US – Seasonally Adjusted)



# 15 Largest Job Markets Job Change

## Dec 2021 - Dec 2022

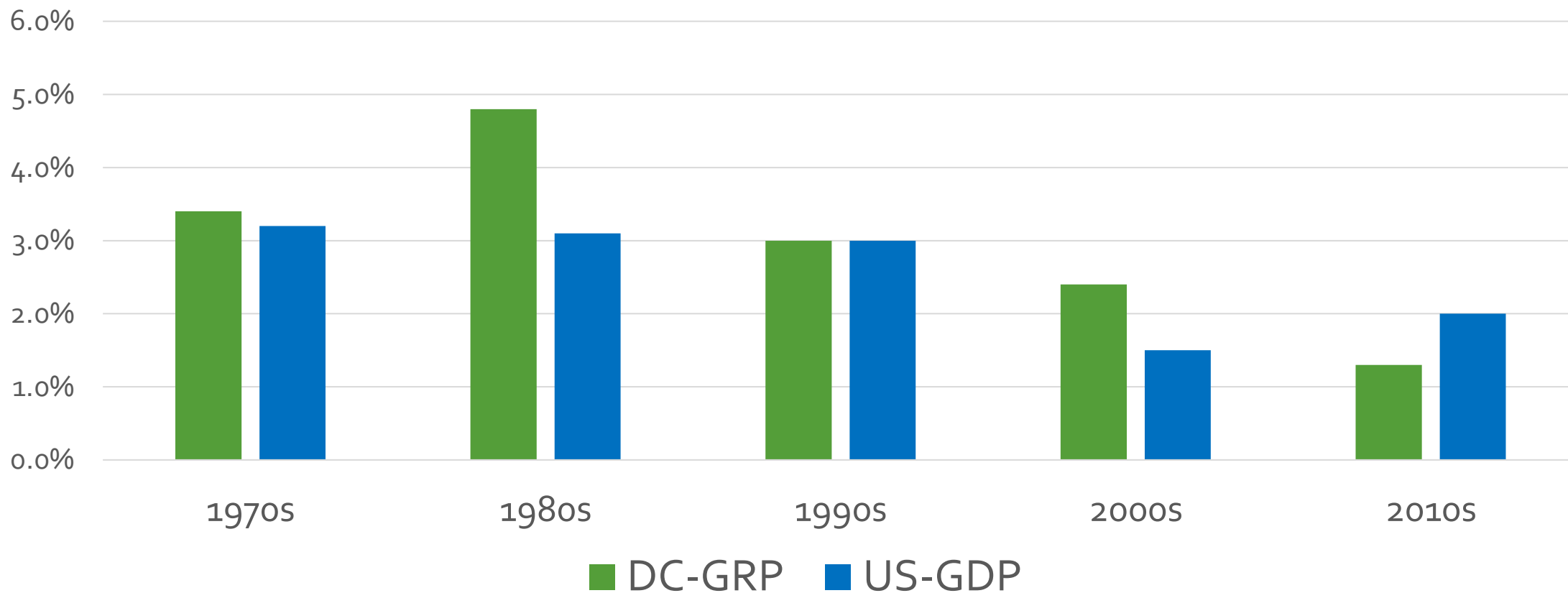


Source: Bureau of Labor Statistics (Not Seasonally Adjusted), GMU Center for Regional Analysis



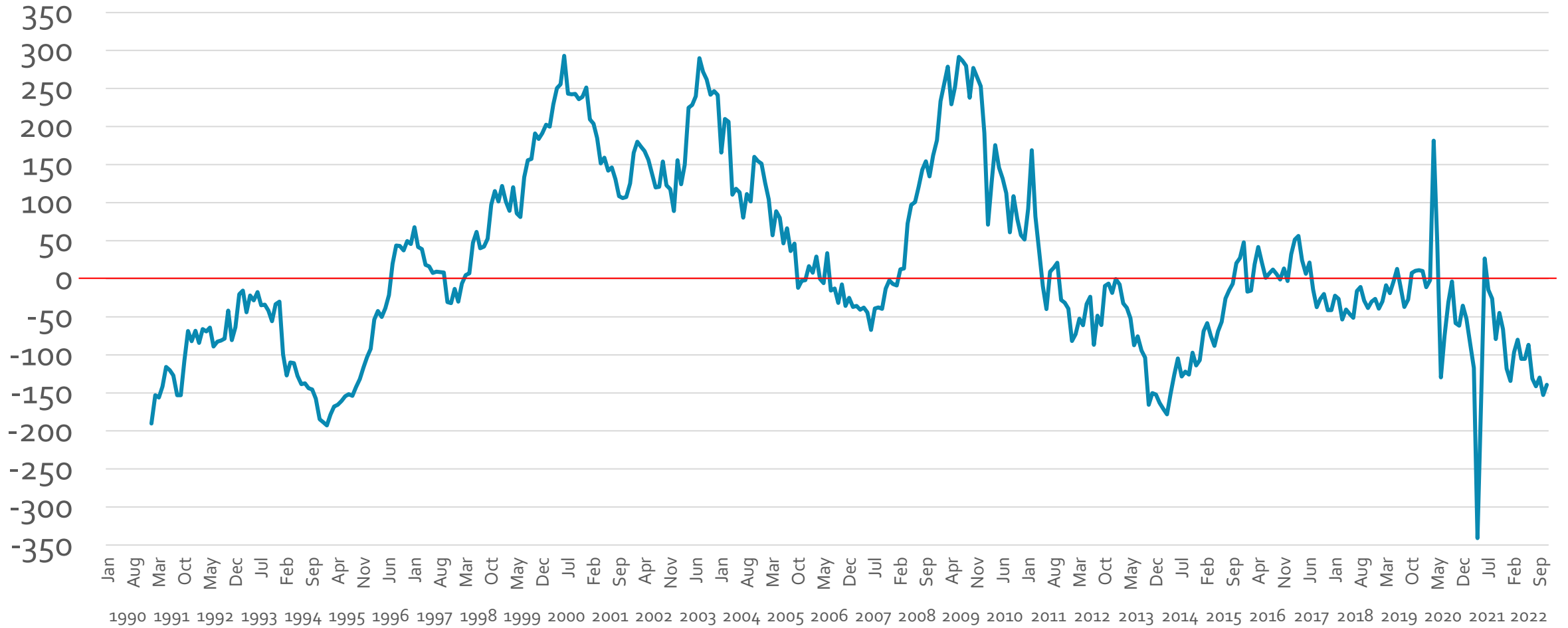
# Average Annual Growth in GRP/GDP

## By Decade



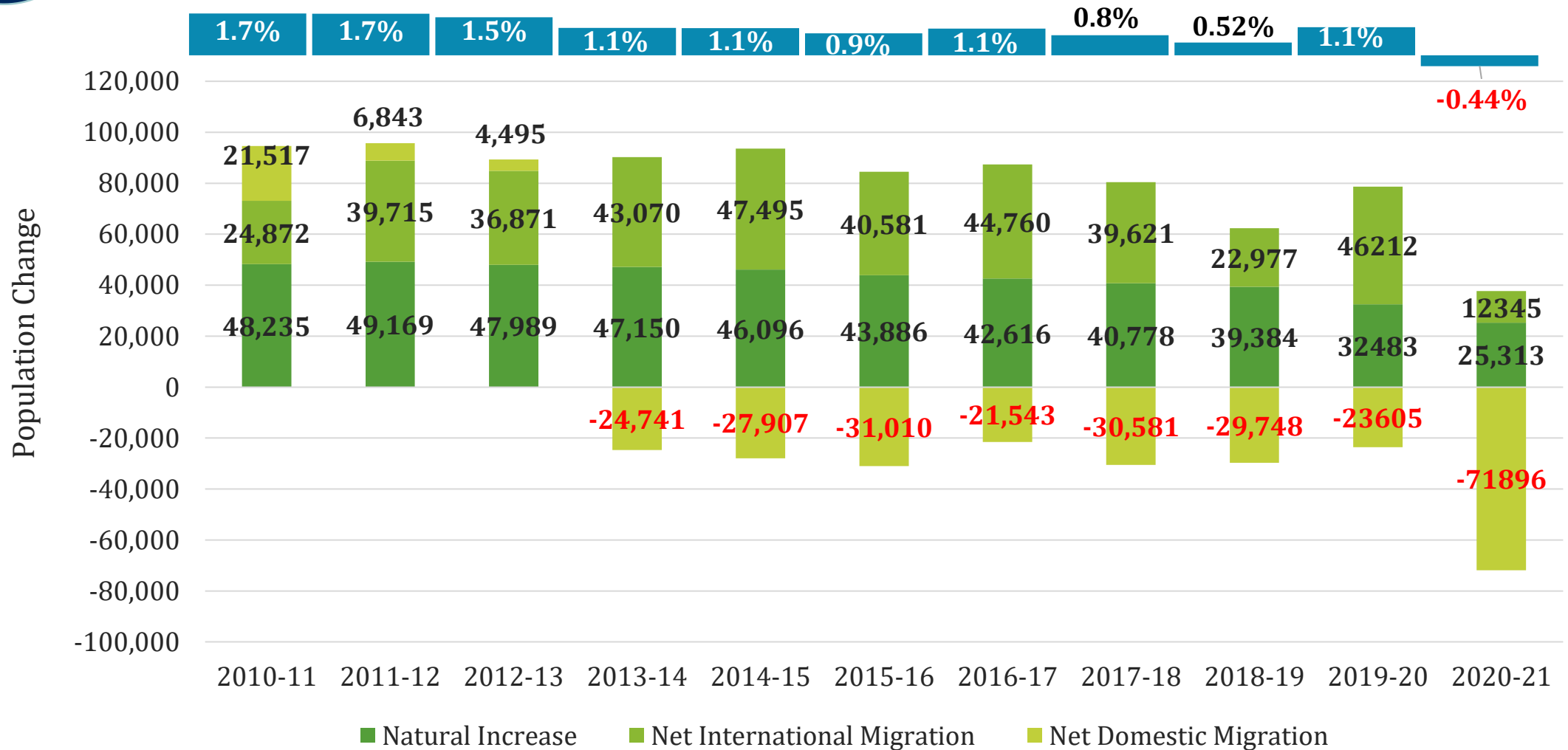


# DC Job Performance Index





# Elements of Population Change Washington MSA

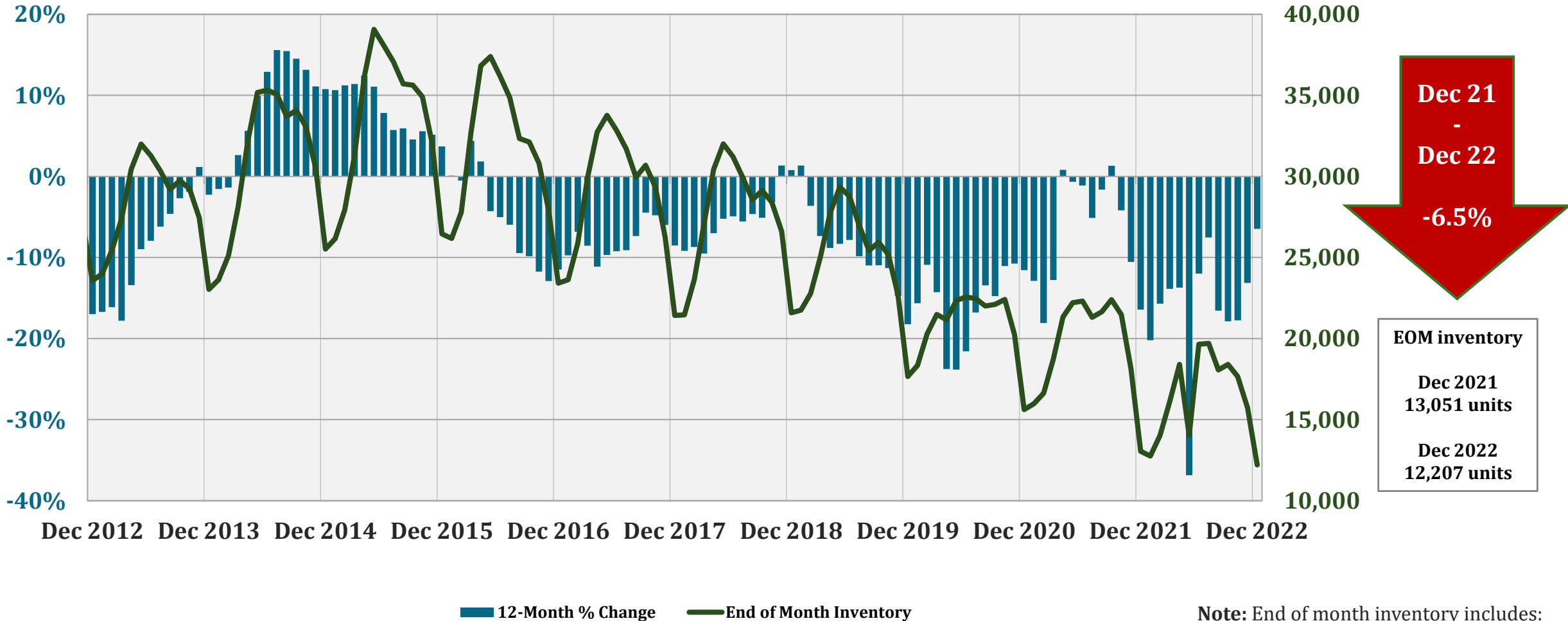


Source: U. S. Census Bureau, Population Estimates Program



# Inventories of Existing Homes

## Washington MSA MOTYC (2012-2022)

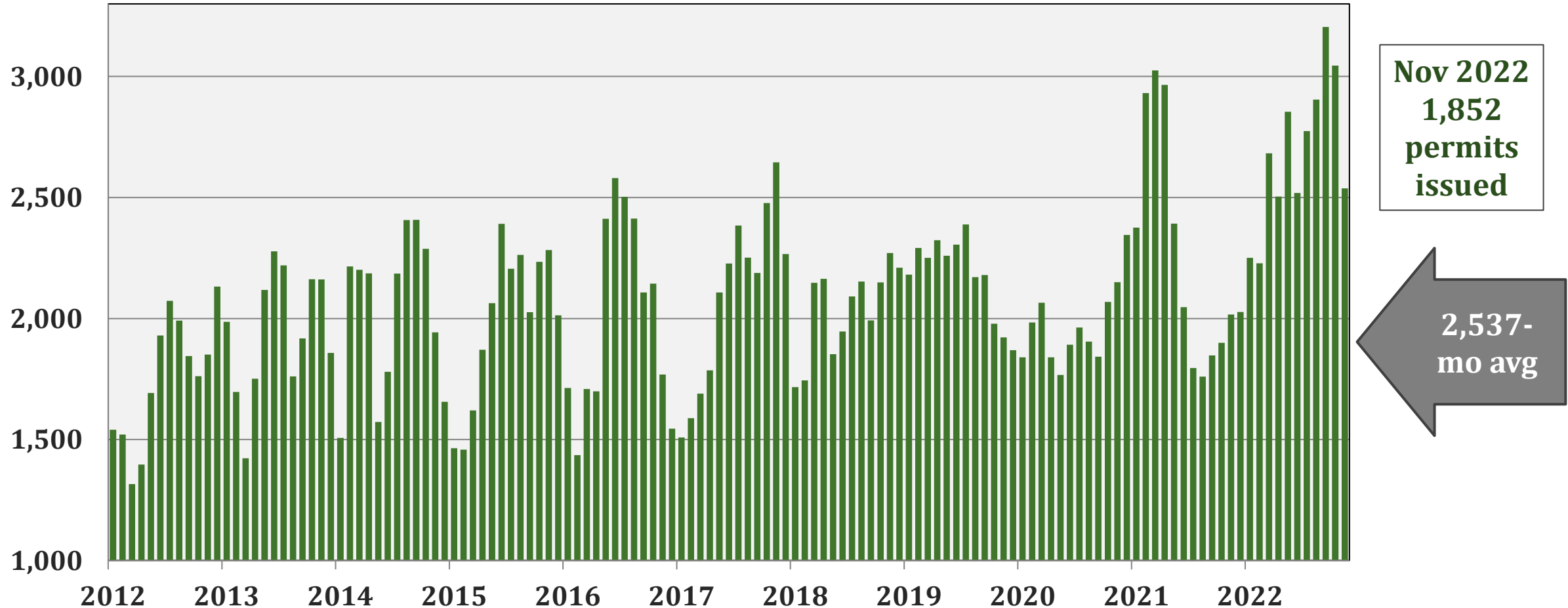


Source: GMU Center for Regional Analysis (CRA); RealEstate Business Intelligence (RBI) SmartCharts (using Bright MLS data)

**Note:** End of month inventory includes: (1) All Pending Listings and (2) Active Listings.



# Washington MSA Building Permits 2012-2022, Three-Month Moving Average



Source: U. S. Census Bureau, GMU Center for Regional Analysis





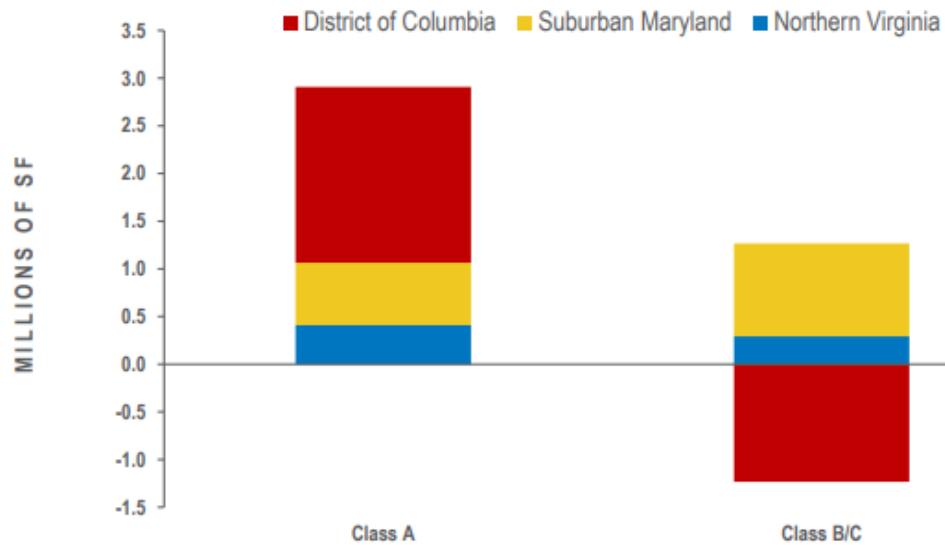
# Office Market Overview

## by Delta Associates



### OFFICE NET ABSORPTION BY CLASS OF SPACE

Washington Metro Area | 2020 – Q3 2022



Source: Delta Associates; September 2022.

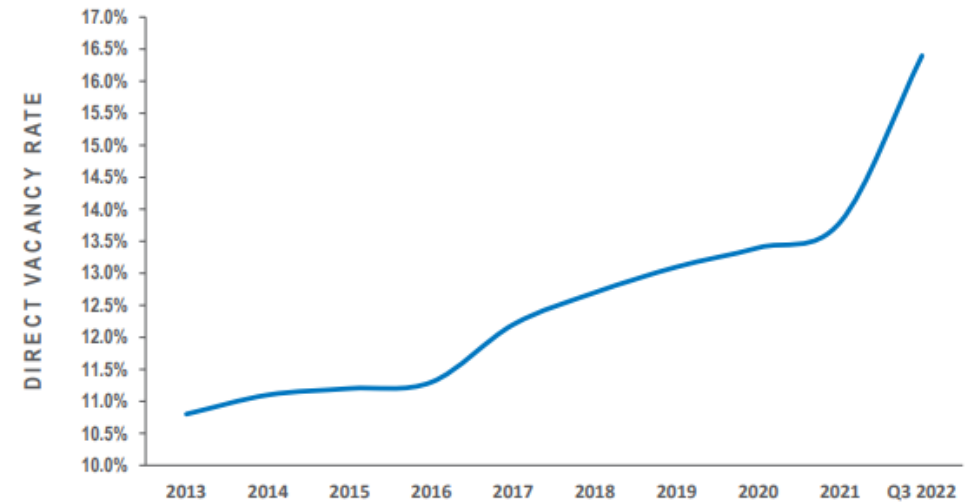
### Direct Office Vacancy Rate

Sept. 2021: 14.1%

Sept, 2022: 13.6%

### OFFICE VACANCY RATE

Washington Metro Area | 2013 – Q3 2022



Note: Vacancy rate include single-tenant/owner-occupied and multi-tenant buildings.

Source: Delta Associates; September 2022.



# Stories of 2023 & Beyond

- **Talent**
  - **Attraction & Retention**
    - **Workforce housing**
    - **Public transportation**
    - **Resources for young families**
    - **Vitriol in policy making**
    - **Incumbent workers**
  - **Work-From-Home/Remote Work**
    - **Competitive advantage gained/lost**
    - **Making it work– management**
- **Office market shake out**
- **Business adaptation**
  - **Entrepreneurial eco-system?**
  - **Innovation indigestion**
- **Government finances**
  - **Local gov stresses building**
  - **Commercial property value**
  - **WMATA cliffs**
- **Bottom Line**
  - **U.S. in recession**
    - **WDC performs slightly better**
  - **U.S. avoids recessions**
    - **WDC underperforms**
  - **Job growth momentum carries through Q1 & into Q2.**
    - **+30k for '23**
    - **+ 10k jobs '24**



Q&A

[cra.gmu.edu](http://cra.gmu.edu)